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AUTHOR	O'Shea, Daniel P.; Norris, Dave N.
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ABSTRACT

An evaluation was conducted of the Texas Food Stamp Employment and Training(E&T)/Job Opportunities and Basic Skills Program Conformance Demonstration. The cost analysis determined the impact of the demonstration, the BOND (Better Opportunities for New Directions) program, on costs of administering and providing activity components and support services to participants. It addressed pre/post-demonstration and cross-site E&T program costs for McLennan County (demonstration site) and Smith County (comparison site) as well as annual statewide E&T costs. Findings indicated that BOND required far greater commitments of resources than the pre-demonstration E&T program and the comparison site and influenced spending levels and patterns of the E&T program statewide, particularly child care expenditures. Costs in BOND increased for several reasons: it served more clients who had access to a wider range of activities; clients were generally enrolled for longer periods and required more support services; and BOND provided case management services to all participants. E&T costs were two to three times higher in McLennan than in Smith County. Most of this increase was due to increased child care costs. Although the expanded preemployment and education activities and other services required significantly larger program expenditures than the regular Texas E&T program, they provided the basis for potentially better outcomes through tangible increases in human and social capital. (Appendixes include cost data sources and methodologies and data tables.) (YLB)

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Texas Food Stamp Employment and Training/JOBS Conformance Demonstration:

Cost Analysis Final Report

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Prepared by:

Daniel P. O'Shea
Dave N. Norris

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Center for the Study of Human Resources

Lyndon B. Johnson School of Public Affairs
The University of Texas at Austin
107 West 27th Street Austin, TX 78712 (512) 471-7891

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At CHR, Deanna Schexnayder and Chris King reviewed and commented upon this and earlier reports. Jerry Olson produced participation data supporting the cost analysis, with the assistance of Leslie Lawson, who bore responsibility for manually-collected data from the study sites. Production assistance was provided by Diane Tucker, Karen Alan and Chip Rosales of the administrative staff at CHR.

Executive Summary

The Center for the Study of Human Resources (CHR) of the LBJ School of Public Affairs at The University of Texas at Austin conducted a multi-year evaluation (FFY 1993 through FFY 1995) of the Texas Food Stamp Employment and Training (E&T)/Job Opportunities and Basic Skills (JOBS) Program Conformance Demonstration under a contract to the Texas Department of Human Services (DHS). The evaluation was designed to describe and monitor policies and practices developed and implemented for the demonstration—known as the BOND program—and to assess their preliminary impacts on service delivery, participation, costs and outcomes. The demonstration and the evaluation were sponsored by Food and Consumer Services of U.S. Department of Agriculture. This report presents the results from the cost analysis of the BOND evaluation.

Cost Analysis. The purpose of the cost analysis was to determine the impact of the demonstration on the costs of administering and providing activity components and support services to E&T participants in the BOND program. The analysis addresses pre-/post-demonstration and cross-site E&T program costs for McLennan County (the demonstration site) and Smith County (the comparison site), as well as annual statewide E&T costs.

The cost analysis reveals that the BOND demonstration required far greater commitments of resources than the pre-demonstration E&T program in McLennan County. Additionally, demonstration costs rose in conspicuously larger leaps than in the E&T program in Smith County, the comparison site. BOND also influenced the spending levels and patterns of the E&T program statewide, particularly child care expenditures.

Costs in BOND increased for several reasons: the program served more clients who had access to a wider range of activities; clients were generally enrolled for longer periods—notably in postsecondary and adult education—and required more support services; and BOND provided case management services to all participants.

Table A. E&T Total Costs

	FFY 1993	FFY1994	FFY 1995
Demonstration	$250,695	$720,690	$1,118,638
Comparison	$176,510	$215,480	$225,547
State	$14,870,690	$14877,028	$15,041,735

BOND Program Costs. During the evaluation period, total direct costs for E&T participants in BOND rose from $250,695 in FFY 1993 to $720,690 in FFY 1994 and $1,118,638 in FFY 1995. The enormous increase in E&T direct expenditures for the demonstration is attributed to larger administrative, direct delivery and support services costs.

- Administrative costs rose from just over $14,000 per year to almost $55,000 largely due to increased rent expenditures for the modern office tower in which contracted BOND components were delivered.
- Direct delivery costs rose from $201,310 in FFY 1993 to $372,505 and $422,492 in FFY 1994 and FFY 1995, respectively, due mostly to the cost of providing case management/non-component services to E&T participants (around $200,000 per year).
- Support services costs rose from $35,064 to $295,320 and $641,812 during the first two years of the demonstration. Child care costs alone rose from $8,072 to $559,196. Transportation and other costs increased from $26,992 to $82,116.

In addition to the increases in direct expenditures, the BOND initiative successfully leveraged other community resources, particularly for adult and postsecondary education. In return for the leveraged resources, BOND provided case management, child care and transportation assistance. Estimated leveraged resources totaled $375,631 in FFY 1994 and $638,707 in FFY 1995.

- The Adult Education Programs at McLennan Community College provided Basic Literacy, Adult Secondary/GED, and ESL classes with an estimated cost of $18,781 in FFY 1994 and $45,247 in FFY 1995.
- BOND also leveraged resources with an estimated cost of $356,850 in FFY 1994 and $593,460 in FFY 1995 at the postsecondary level through enrollments at McLennan Community College and Texas State Technical College.

Most of the resources for postsecondary tuition, fees and books were acquired by the students themselves (through loans, grants, earnings, etc.). JTPA programs administered by the Heart of Texas Council of Governments (HOTCOG) contributed an estimated $28,000 in assistance for FFY 1994 and $106,000 for FFY 1995. EOAC, the local child care system manager, also raised funds locally to provide post-program child care, some of which helped former BOND participants.

Smith County E&T Costs. E&T program costs in Smith County grew during the evaluation period also, but at a much slower rate. During the three-year evaluation period total cost in Smith County grew from $176,510 in FFY 1993 to $215,480 and $225,547

in FFY 1994 and FFY 1995, respectively. Administrative and support services declined and direct delivery costs increased only slightly.

- Direct delivery costs rose from $122,120 in the baseline year to $176,314 and $190,184 in FFY 1994 and FFY 1995, respectively, due to an expansion of contracted services.
- Administrative costs dropped from $29,888 in FFY 1993 to $19,386 and $17,779 in FFY 1994 and FFY 1995, respectively, due to decreased communications and rent-related costs.
- Transportation costs dropped from $24,509 to $17,494 across the three-year period, in part because of lower participation rates.

Statewide Costs. During the three-year evaluation period, total expenditures statewide remained about $15 million, with administrative costs dropping and direct delivery and support services costs increasing.

- Administrative costs steadily dropped from $2.69 million In FFY 1993 to about $1.88 million in FFY 1995.
- Direct delivery costs rose from about $10.48 million in the baseline years to $10.91 million and $11.13 million in subsequent years.
- Support services costs rose from $1.70 million in FFY 1993 to $2.02 million in FFY 1995, reflecting increased expenditures on child care as part of the BOND demonstration.

Assuming similar rates of participation, types of enrollments and demands for support services in every E&T county in Texas, the projected direct costs of expanding the BOND model statewide is $36 to $40 million based on FFY 1994 costs and $56 to $62 million based on FFY 1995 cost.

Participant Cost Comparisons. CHR derived total costs per participant and costs per participant hour as shares distributed across the unduplicated annual total number of participants with reported hours in any activity component, as well as costs per actual participant in specific activity components.

Costs per Participant. E&T costs per participant were two to three times higher in McLennan County than in Smith County.

- E&T cost $1,035 per participant in McLennan compared to $336 in Smith County in FFY 1994. The difference narrowed as costs per participant rose to $1,318 per participant at the demonstration and to $680 at the comparison site in FFY 1995.

Most of the increase in McLennan was due to increased child care costs which rose from $352 to $659 in the second year of the demonstration; child care was not a factor in Smith County. The increased costs in Smith County were due primarily to the increased cost per participant in contracted components associated with declining numbers of total participants. Statewide changes in the E&T program design required Smith County staff to provide more intensive services to a smaller number of individuals.

Table B. Costs Per Participant and Per Participant Hour

	FFY 1994		FFY 1995	
	Demonstration	Comparison	Demonstration	Comparison
Participant	$1035	$336	$1318	$680
Participant Hour	$3.73	$2.88	$4.31	$5.37

Costs per Participant Hour. During the first two years of the demonstration, BOND provided several activities and support services that were not prominent features of the E&T program in Smith County—particularly access to education, child care and case management—and did so at a lower per participant hour cost.

- Costs per participant hour were $3.73 and $4.31 in McLennan County during FFY 1994 and FFY 1995, compared with $2.88 and $5.37 in Smith County during the same period.

In McLennan County, a higher number of participants distributed across a wider array of activity components produced more hours which, despite larger total expenditures, helped keep per participant hour cost relatively lower than in Smith County. Conversely, a smaller number of participants, distributed across fewer activity components and producing fewer participation hours, held per participant hour cost higher in Smith County, despite smaller total expenditures.

Costs per Component Participant. The BOND program in McLennan County had higher costs per component participant than the regular E&T program in Smith County in part because of the wider distribution of component options selected by BOND participants and the relatively reduced concentration of participants in contracted activities.[1] BOND participants were dispersed across Job Search (Individual Job

[1] BOND's volunteer policy attracted many participants—up to 40 percent of all participants—most of whom were enrolled in postsecondary education.

Search/GEMS), Job Readiness (Job Preparation/Life Skills Training), Education (adult and postsecondary), and Work Experience activities. Smith County E&T participants were universally enrolled in Job Search and Job Readiness activities only.

- Costs per Job Search participant in McLennan County was $466 and $541 for FFY 1994 and FFY 1995, compared to $185 and $299 for those same years in Smith County.

Nearly all participants in Smith County partook of Job Search activities, whereas only 25 percent, or less, of E&T clients in BOND participated in Job Search.

- Costs per Job Readiness participants were $259 in McLennan County and $91 in Smith County during FFY 1994, and $319 and $276, respectively, in the following year.

Two factors contribute to the wide differential in Job Readiness costs per actual participant in FFY 1994. Less than one-half of the 696 BOND participants participated in one of two Job Readiness seminars (Job Preparation or Life Skills Training); all 641 E&T clients in Smith county participated in the single Job Readiness seminar offered (Job Preparation). Costs were also lower because Smith County was not yet bearing the additional cost of the Life Skills Training seminar. When the Smith County E&T program began providing Life Skills Training as a Job Readiness activity in FFY 1995, costs per component participant moved closer together, as did the number and shares of individuals reported in this component.

CHR derived costs per component participant in adult and postsecondary educational activities in McLennan County based on leveraged resources for tuition, books and fees. There were no education referrals in Smith County during this two-year period.

- The cost per adult education participant in BOND was $335 in FFY 1994 and $400 in FFY 1995.
- The cost per postsecondary participant in BOND was $1,469 in FFY 1994 and $1,587 in FFY 1995.

Final Comment. BOND expanded opportunities for Food Stamp clients to participate in an array of pre-employment and education activities—particularly adult and postsecondary education—and provided case management and support services that facilitated completion of these components. These activities and services required significantly larger program expenditures than the regular Texas E&T program,

especially for child care, but they also provided the basis for potentially better outcomes through tangible increases in human and social capital.

Nevertheless, major issues remain unresolved. The cost study reinforces concern with the enormous cost of providing child care and other support services for participants in long-term education and training. To what degree can and will employment and training programs support higher initial costs to achieve potentially better outcomes?

I. INTRODUCTION

The Center for the Study of Human Resources (CHR) of the LBJ School of Public Affairs at The University of Texas at Austin has been conducting a multi-year evaluation of the Texas Food Stamp Employment and Training (E&T)/Job Opportunities and Basic Skills (JOBS) Program Conformance Demonstration under a contract to the Texas Department of Human Services (DHS). The demonstration and the evaluation were sponsored by Food and Consumer Services of the U.S. Department of Agriculture. The evaluation was designed to describe and monitor policies and practices developed and implemented for the demonstration, and to assess their preliminary impacts on service delivery, participation, costs and outcomes. Research results were used to refine the demonstration model for direct program improvements and for possibly extending the model to other counties in Texas. The evaluation encompassed the period from Federal Fiscal Year (FFY) 1993 through FFY 1995. This report presents the results from the cost component of the evaluation.

Conformance Demonstration Overview

DHS staff designed the demonstration, known locally as BOND (Better Opportunities for New Directions), to test the conformance compatibility between the E&T and JOBS programs. JOBS policies and procedures, normally applied to AFDC recipients, were applied to eligible Food Stamp recipients; staff serving the two client groups were merged; and, activities and support services provided to JOBS and E&T participants, with few exceptions, became identical.[1]

The BOND demonstration had four basic objectives:

- To assure continuity of services for Food Stamp E&T and JOBS program participants,
- To provide Food Stamp E&T participants expanded and enhanced activity components and support services,
- To increase client participation through the application of a clear sanction policy, and
- To target resources based upon participant need.[2]

DHS identified at least three possible positive outcomes to the E&T and JOBS conformance demonstration. First, the adoption of JOBS policies and component

[1] Texas Department of Human Services, 1992; Texas Department of Human Services, 1993.
[2] Texas Department of Human Services, 1992.

activities by the E&T would permit continuity of service delivery: participants may remain in an education, training, or employment-related activity despite changes in program eligibility.[3] Second, common administrative processes, support materials, staff training, and a single service delivery system would increase efficiency and reduce certain program costs. Third, the expanded and enhanced employment program would more rapidly move participants toward self-sufficiency.

BOND Evaluation

CHR staff combined four complementary research approaches to conduct the evaluation. These research approaches are:

- A process evaluation of E&T program operations at the demonstration (McLennan County) and the comparison (Smith County) sites
- A survey of E&T program participants in McLennan County
- An impact study that includes statistical analyses using measures designed by DHS and CHR staff and program data from the demonstration and comparison sites
- A cost analysis of the demonstration project.

Key topics and primary research questions for the comprehensive evaluation of the BOND demonstration are:

I. *Program Design and Implementation.* What changes occurred in the E&T program design in McLennan County during the demonstration period and how were these changes implemented?

II. *Client Flow and Client Participation Patterns.* How did the E&T demonstration affect client flow and program participation patterns?

III. *Activities and Services.* How did the demonstration affect the range and intensity of activities and services provided to E&T participants?

IV. *Outcomes.* What effect has the demonstration had on participant employment and earnings, academic achievement, job skills development, or other possible outcomes?

V. *Costs.* Was there a significant difference in the cost of the Food Stamp E&T demonstration program compared to both the pre-demonstration program and the comparison site program? What were the sources of any identified cost variations?

[3]Texas has very low AFDC benefits with the result that there is considerable movement of public assistance recipients between AFDC and Food Stamps eligibility.

Cost Analysis

The purpose of the cost analysis is to determine the impact of the demonstration on the costs of administering and providing activity components and support services to E&T participants. The analysis addresses E&T program costs statewide, in McLennan County (the demonstration site), and in Smith County (the comparison site). The study covers a three-year period, beginning with the pre-demonstration year (FFY 1993) and continuing for the first two years of the demonstration (FFY 1994, FFY 1995). Direct and leveraged costs at the demonstration and comparison sites are examined from pre-/post- and cross-site perspectives. The discussion also identifies key changes in program operations (noted in the process evaluation) that appear to have affected pre-/post- and cross-site cost differentials.

DHS and the Texas Employment Commission (TEC), the former statewide E&T contractor, supplied aggregate and detailed program costs, as did other service providers. CHR researchers organized the data and derived specific cost estimates as appropriate. Administrative costs, when not itemized, were determined as an estimated percentage of the total administrative costs borne by service providers. Direct delivery and leveraged costs were either provided by collaborating institutions or derived by CHR. DHS and TEC identified the costs of support services. Per participant costs, including costs for all E&T participants, as well as for participants in specific components, were derived from existing cost and budget reports, automated records from DHS, manually collected data from the demonstration and comparison sites, and specific data requests directed to participating agencies and collaborating service providers. Appendix A contains details about cost data sources and methodologies.

Comparison Site Selection

CHR researchers, in consultation with DHS administrators, selected Smith County as the comparison site for the evaluation, based upon demographic, economic, and program-related criteria. Similarities between Smith and McLennan counties that influenced the selection, included:

- Total population size and racial/ethnic distribution
- Urban concentration rates
- Recent unemployment rates
- Work registrant racial/ethnic distribution
- Work registrant educational attainment distribution, and
- Sectoral economic diversification.

In addition to these, there are other similarities between the two counties, including:

- *Principal Cities*. Waco in McLennan County and Tyler in Smith County are comparably sized urban hubs for the predominantly rural adjacent communities. Both are served by interstate highways.

- *Historical Settlement and Economic Development Patterns*. The two counties were established within four years of each other in the mid-nineteenth century, share similar geographic features (soils, land forms, natural resources), and benefited from the early success of cotton production in Texas. Currently, Smith and McLennan counties have relatively diversified economies, and agriculture, manufacturing, and tourism contribute to local income in both.

- *Institutional Presence*. Tyler and Waco are each home to permanent post-secondary academic institutions and a major medical complex, as well as seats of county government.

Program size at the two sites differed in terms of both the projected number of work registrants and the average number of monthly referrals to E&T. However, CHR researchers judged that for comparative purposes the operational context—particularly the demographic and economic similarities between the two sites—outweighed the quantitative variation between the two programs.

National Evaluation

The USDA contracted with Social Policy Research (SPR) Associates, Inc., to aggregate and evaluate the results of the Food Stamp E&T/JOBS conformance demonstrations operating in five states. SPR completed a final report based on the implementation and process studies conducted by each of the states during the Fall, 1996. Cost and impact studies will be completed the following year.

BOND Evaluation Reports

In addition to a baseline year report and interim working papers, the *BOND Participant Survey Final Report* and the *Texas Food Stamp Employment and Training/ JOBS Conformance Demonstration: Process Evaluation Final Report* are available. CHR researchers are releasing a final BOND impact study concurrently with this report in the Fall, 1996.

Organization of Text

Section Two reviews costs and features associated with statewide operation of the E&T program. Section Three presents costs associated with BOND program operations in McLennan County and compares them with the cost of program operations in Smith

County. Section Four summarizes the results of the cost study and comments on the cost of operating an E&T program based on the BOND model in other counties in Texas.

II. TEXAS FOOD STAMP E&T PROGRAM COSTS

Food Stamp E&T in Texas

Across the three-year evaluation period, Food Stamp E&T in Texas was a state-administered, locally delivered program that primarily provided Job Readiness and Job Search services to mandatory work registrants.[4] DHS had state level administrative responsibility for the program which operated in 56 Texas counties. Services were delivered locally, mostly by TEC under state-level contracts administered by DHS.

The E&T program design allowed Food Stamps recipients access to an array of job readiness, education, training, and work experiences which would increase their ability to obtain full-time employment, reduce their dependency on public assistance, and increase their prospects for economic self-sufficiency. In practice, as Table 2.1 indicates, direct delivery was mostly limited to contracted Job Search and Job Readiness.

Nevertheless, DHS modified several features of the Texas E&T program from the baseline year through the first two years of the demonstration. Collectively, these changes represented a shift in the program away from "process" to greater emphasis on "outcomes," especially employment. DHS consolidated a statewide agreement with TEC to purchase E&T components based on the JOBS model; enhanced the range, content, and duration of contracted components; reduced the targeted number of clients served; and changed the types and levels of supportive services available to participants.

Specifically, between the baseline year (FFY 1993) and continuing through the first two years of the demonstration significant changes were made regarding contracted components (Table 2.2). Clients were regularly required to participate in 40 hours of Job Preparation and 40 hours of Life Skills Training before entering Directed Job Search.[5] Prior to FFY 1994, E&T clients may have participated in a 20-hour Job Search Skills Training Seminar. Directed Job Search requirements also intensified. Instead of completing 24 job contacts in a 30-day period with minimal client staff interaction, clients were expected to complete 10 contacts per week for six (and possibly eight) weeks, and to review their job search experiences for two to three hours weekly in Group Employment Seminars (GEMS).

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[4]The *Texas Food Stamp Employment and Training/ JOBS Conformance Demonstration: Process Evaluation Final Report* (O'Shea, 1996) offers detailed descriptions of E&T in Texas.

[5]Life Skill Training Seminars were implemented incrementally statewide and were not available in all Texas E&T counties in FY 1994, including Smith County, the comparison site.

Table 2.1
Mandatory Texas E&T Clients Served by Category: FFY 1993, FFY 1994

E&T CATEGORY	FFY 1993 Mandatory Participants	FFY 1994 Mandatory Participants
Job Search	64,823	27,081
Job Readiness	11,803	14,515
Vocational Training	364	1,022
Non Vocational Training	2,781	1,720
Work Experience	643	692
Refugee Services	286	322
TOTALS	80,700	45,352

Source: CSS Program Budget and Statistics.

Table 2.2
Crosswalk of Contracted Texas E&T/JOBS Components: FFY 1993, FFY 1994, FFY 1995

	E&T COMPONENT			JOBS COMPONENT		
E&T CATEGORY	FFY 1993	FFY 1994	FFY 1995	FFY 1993	FFY 1994	FFY 1995
JOB SEARCH	Directed Job Search	Individual Job Search GEMS	Individual Job Search GEMS	Individual Job Search	Individual Job Search GEMS	Individual Job Search GEMS
JOB SEARCH TRAINING (FFY 1993) /JOB READINESS (FFYs1994-5)	Job Search Skills Training*	Life Skills** Job Preparation***	Life Skills Job Preparation	Life Skills Job Preparation Job Search Skills Training*	Life Skills Job Preparation***	Life Skills Job Preparation

*Same one week, curriculum used in E&T and JOBS. **Not available in all E&T counties. ***Combined Job Preparation and Job Search Skills Training.

As a result of these adjustments, the duration of enrollment in E&T components lengthened.[6] Clients could be active for 20 hours a week for up to 10 weeks and have regular interaction with E&T staff. Prior to these changes, clients were normally active for a maximum of five weeks and client-staff contact was minimal. DHS also increased transportation assistance above the matched federal cap to help clients participate regularly for longer periods.

Texas E&T Budget

The federal government provided a basic grant by formula to the state. Expenditures beyond the grant were funded by a 50 /50, state /federal match. Table 2.3 reveals the federal/state funding shares budgeted for E&T during the evaluation period. During this time, the total budget, as well as the relative state share, increased. Budgeted amounts increased in the matched "Additional E&T Expenditures" in FFY 1994 and FFY 1995, in part due to increased costs of expanding the types and intensity of components contracted to TEC. Budgeting for "Additional E&T Expenditures" increased from $2.77 million in FFY 1993 to $5.69 million in FFY 1994, reaching $6.93 million in FFY 1995.

Also, the longer duration of expected participation required DHS to increase participant transportation reimbursements above the $25 per month matched federal cap. To do so, DHS shifted "Transportation and Other Costs" allocations from a matched to a non-matched category, resulting in the increased relative state share of the total budget. (Note the drop in matched transportation funds from $1.77 million to $1.02 million to $0.60 million from the baseline through the second year of the demonstration, and the additional $0.69 million and $0.45 million found in "Above $25 Transportation and Other Costs.") The steady reduction of the total transportation allocation over the three-year period also reflected the declining targeted number of clients to be served; nearly every E&T participant received transportation assistance.[7]

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[6]The *Texas Food Stamp Employment and Training/ JOBS Conformance Demonstration: Impact Evaluation Final Report* (Schexnayder and Olson, 1996) provides details of enrollment patterns.

[7]Alternatively, those individuals who did participate in later years received higher rates and total amounts of reimbursement.

Table 2.3.
Texas Food Stamp E&T Budget by Category of Funding

CATEGORY	FFY 1993	FFY 1994	FFY 1995 estimated
E&T Grant Funds (100% Federal)	**$ 9,773,679**	**$ 9,853, 805**	**$ 9,421,409**
Additional E&T Expenditures	**2,768,022**	**5,690,331**	**6,934,995**
50% Federal	1,384,011	2,845,166	3,467,498
50% State	1,384,011	2,845,165	3,467,497
Participant Expense Reimbursed:	**$ 4,032,231**	**$ 3,153,216**	**$ 2,111,698**
Reimbursement for Transportation/Other Costs			
50% Federal	1,773,896	1,018,723	603,428
50% State	1,773,896	1,018,723	603,428
Reimbursements for Dependent Care			
50% Federal	242,220	214,748	227,691
50% State	242,220	214,748	227,691
Above $25 Transportation and Other Costs		686,275	449,460
Total E&T Program Costs	**$ 16,573,932**	**$ 18,697,352***	**$ 18,468,102***

*Includes Demonstration costs.
Source: Texas Department of Human Services, "State Plan of Operations."(1992b, 1993b, 1994).

Texas E&T Expenditures

During the three-year evaluation period, actual expenditures statewide fell short of budget allocations. As Figure 2.1 suggests, total expenditures remained about $15 million, while administrative costs dropped and direct delivery and support services increased. Administrative costs steadily dropped from $2.69 million to about $1.88 million. The direct delivery costs rose from about $10.48 million in the baseline to $10.91 million and $11.13 million in successive years. The largest proportionate increases are found in the support services category, which rose from $1.70 million to $2.02 million during this period. This increase was due primarily to increased expenditures on child care as part of the BOND demonstration. Transportation expenses dropped during this period, as was anticipated in the budget allocations.[8] In FFY 1994, DHS began paying GED Test and Certificate Fees for E&T participants and these few thousand dollars are also part of the support services increase.

[8]A negligible amount of these funds are for work related expenses in the demonstration. DHS data systems were not able to identify the exact amounts.

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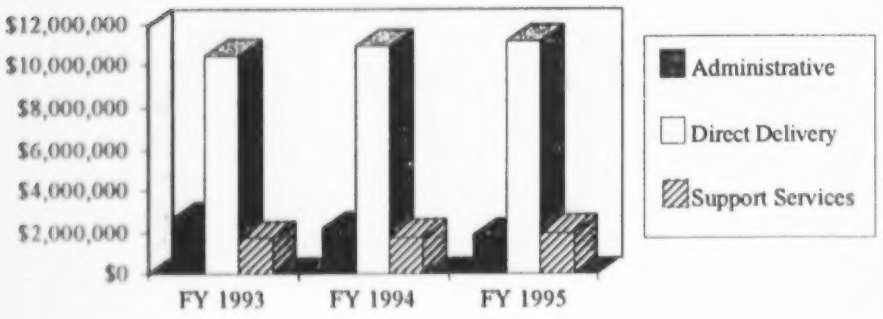
Figure 2.1
Cost Distribution Statewide



	FY 1993	FY 1994	FY 1995
Administrative	$2,689,649	$2,165,688	$1,885,335
Direct Delivery	$10,479,591	$10,907,923	$11,135,509
Support Services	$1,701,450	$1,803,417	$2,020,891

III. BOND DEMONSTRATION PROGRAM COSTS

The BOND demonstration in McLennan County had several features not common to the regular E&T program in Texas that influenced program costs.[9] Clients were regularly referred and enrolled in a wide array of activity components, including Job Search, Job Readiness, Adult Education, Postsecondary Education, Survival Skills Training for Women, and Unpaid Work Experience. In the regular E&T program, clients were more narrowly clustered in the contracted Job Search and Job Readiness components. Although permitted by the regular E&T program, referrals to a range of education and training activities were not common. For example, none occurred in Smith County during the demonstration period. DHS also provided case management to all BOND participants; none was provided to regular E&T clients. Perhaps most importantly, exempt and non-exempt work registrants were able to volunteer for BOND program services; regular E&T did not enroll volunteers in E&T funded activities.

Additionally, the BOND program targeted resources to clients differently than the regular E&T program.[10] "Less job-ready" clients were normally referred and enrolled in adult education courses and the Survival Skills Training seminar (a Job Readiness activity provided by DHS). "More job-ready" clients were usually referred to TEC for contracted Job Readiness and Job Search activities or enrolled in postsecondary education. In the regular E&T program, all mandatory participants were referred to TEC for contracted services.

Direct Costs[11]

During the evaluation period, total direct costs rose from $250,695 in FFY 1993 to $720,690 in FFY 1994 and $1,118,638 in FFY 1995. DHS and TEC spent $76,943 and $15,569, respectively in start-up costs for staff and administration, including training expenses, in the pre-demonstration baseline year. State and federal regular E&T dollars were used to operate the BOND demonstration. The funds awarded to the state for the demonstration were almost entirely redirected to the evaluation.

Figure 3.1 shows the distribution of cost in the demonstration site. Administrative costs rose from just over $14,000 per year to almost $55,000 largely due to increased rent

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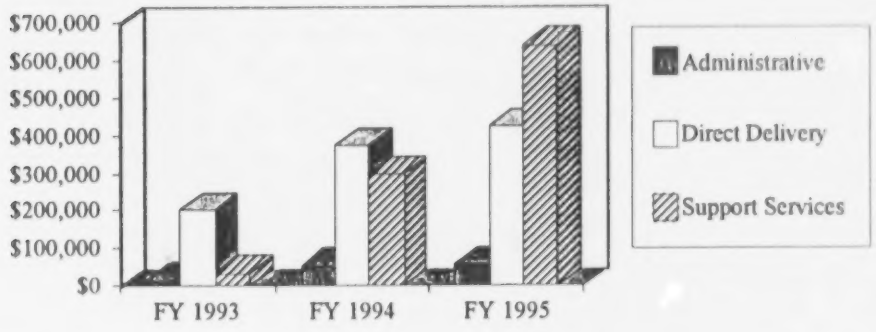
[9]The *Texas Food Stamp Employment and Training/JOBS Conformance Demonstration: Process Evaluation Final Report* (O'Shea, 1996) provides detailed descriptions and comparisons of the BOND program and the regular E&T program in Texas.

[10]The *Texas Food Stamp Employment and Training/ JOBS Conformance Demonstration: Process Evaluation Final Report* (O'Shea, 1996) provides detailed descriptions of "service level sorting" and resource targeting in the BOND program.

[11]Detailed cost and participation data tables are found in Appendix B.

expenditures for the modern office tower in which contracted BOND components were delivered. Direct delivery costs rose from $201,310 in FFY 1993 to $372,505 and $422,492 in FFY 1994 and FFY 1995, respectively, due mostly to the cost of providing case management/non-component services to E&T participants (around $200,000 per year). Additionally, DHS made available a Survival Skills Facilitator for E&T participants in BOND, adding another $17,358 per year to program costs.

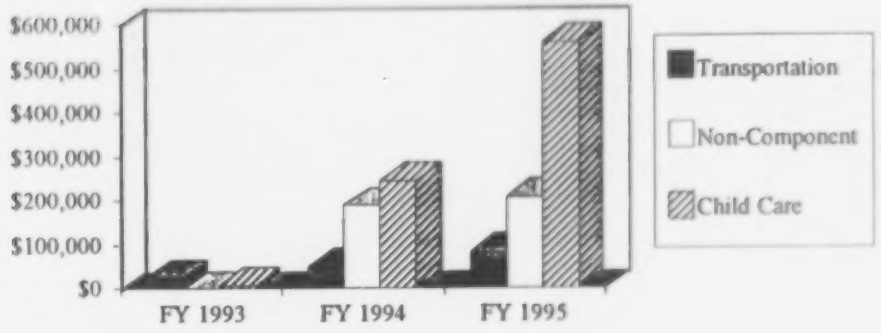
Figure 3.1
Cost Distribution in McLennan County



	FY 1993	FY 1994	FY 1995
Administrative	$14,321	$52,865	$54,335
Direct Delivery	$201,310	$372,505	$422,492
Support Services	$35,064	$295,320	$641,812

The enormous increase in E&T direct expenditures for the demonstration is attributed to the expansion of support services costs. Support services rose from $35,064 to $295,320 and $641,812 during the first two years of the demonstration. Across this span, transportation and other costs increased from $26,992 to $82,116, while child care costs rose from $8,072 to $559,196, an increase of 6,828 percent in three years. Figure 3.2 portrays these significant cost increases, along with those associated with case management/non-component costs.

Figure 3.2
Major Sources of Increased Expenditures in McLennan County



	FY 1993	FY 1994	FY 1995
Transportation	$26,992	$50,202	$82,116
Non-Component	$0	$189,043	$208,438
Child Care	$8,072	$244,675	$559,196

Leveraged Costs.

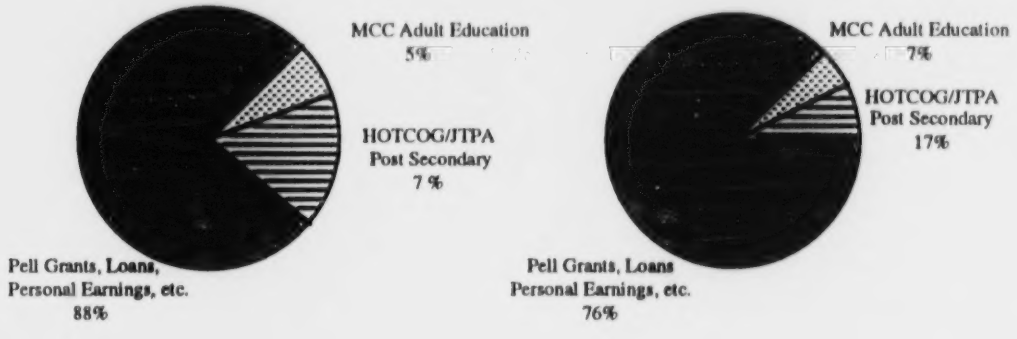
In addition to direct cost differentials, the BOND initiative was responsible for very dramatic increases in leveraged resources. Although precise data is not available, leveraged resources played only a minor role in E&T service delivery prior to the demonstration. During the seven-month baseline period, 31 clients participated in adult education classes and none in postsecondary classes. During the first two years of the demonstration, E&T clients were regularly enrolled in both components. Two hundred forty-three students in FFY 1994 and 375 students in FFY 1995 attended postsecondary classes. Fifty-six students in FFY 1994 and 113 students in FFY 1995 attended adult education classes during which time their average monthly attendance hours also more than doubled. Reflecting these higher enrollments and the draw-down of leveraged resources, combined total direct and leveraged expenditures in BOND rose to more than $1.1 million in FFY 1994 and $1.7 million in FFY 1995.[12] Estimated leveraged resources totaled $375,631 in FFY 1994 and $638,707 in FFY 1995, representing 51 percent and 57.7 percent of all costs in these two years, respectively.

[12]BOND participants also enrolled regularly in the Unpaid Work Experience components. Since no resources were exchanged to provide these experiences, no attempt has been made to assess their value. Less than six individuals were enrolled in OJT during the demonstration for very short periods and no value has been assigned to this leveraged resource either.

Figure 3.3 portrays the sources and distribution of leveraged resources in McLennan County. The local adult education cooperative, the Adult Education Programs at McLennan Community College (MCC Co-op), provided Basic Literacy, Adult Secondary/GED, and ESL classes to E&T participants in BOND from regular adult education program funds. Based on cost per student hour of contact, the total leveraged contribution from MCC Co-op was $18,781 in FFY 1994 and $45,247 in FFY 1995.

BOND also provided opportunities at the postsecondary level through McLennan Community College and Texas State Technical College. These opportunities leveraged resources estimated at $356,850 in FFY 1994 and $593,460 in FFY 1995. On-site BOND case managers provided services, including child care and transportation assistance to BOND participants. Most of the resources for tuition, fees and books were acquired by the students themselves (through loans, grants earnings, etc.). The JTPA programs operated by the Heart of Texas Council of Governments (HOTCOG) provided assistance to several students. The estimated HOTCOG JTPA contribution for FFY 1994 was $28,000 and for FFY 1995 was $106,000.

Figure 3.3
Distribution of Leveraged Resources in McLennan County



FY 1994
Total: $375,631
51.0 percent of Total Expenditures

FY 1995
Total: $638,707
57.7 percent of Total Expenditures

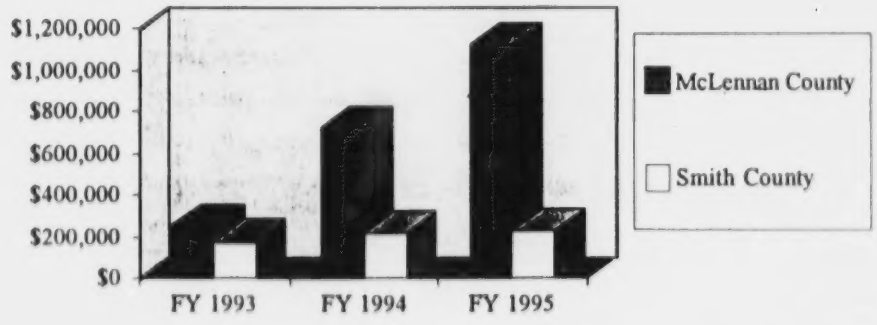
Cross-site Comparisons

The BOND program provided direct access to a wider range of activities and support services than was available in Smith County. The Smith County E&T program operated in accord with the Texas E&T model. Clients were regularly enrolled in Job Search and Job Readiness activities. There were no referrals to education or training activities during the demonstration period, nor were there any leveraged resources identified. Child care was not a cost factor, since caretakers responsible for children under six years of age were exempt from participation and enrollment periods were short. Food Stamp recipients were not allowed to volunteers for activities funded by the regular E&T program.

Program Costs Comparisons

The costs of providing activities and support services to E&T participants in BOND increased dramatically compared to the costs of providing E&T to participants in Smith County. Figure 3.4 reveals the magnitude of total direct costs increases within McLennan County and compares them to total direct costs in Smith County, the comparison site. During the three-year evaluation period total cost in Smith County grew from $176,510 in FFY 1993 to $215,480 and $225,547. Direct costs in McLennan County rose from $250,695 in FFY 1993 to $720,690 in FFY 1994, reaching nearly $1.12 million in FFY 1995.

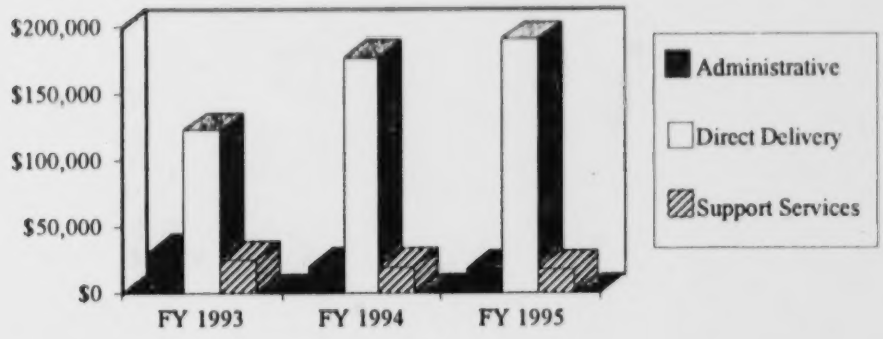
Figure 3.4
Pre/Post, Cross Site Direct Total Costs



	FY 1993	FY 1994	FY 1995
McLennan County	$250,695	$720,690	$1,118,639
Smith County	$176,510	$215,480	$225,457

Figure 3.5 further reveals that administrative and support services actually *declined* in Smith County during FFY 1994 and FFY 1995 and that direct delivery costs increased. Administrative costs declined due to decreased communications and rent-related costs. Transportation costs dropped in part because of lower participation rates. This pattern contrasts sharply with that revealed in Figure 3.1 for the BOND program in McLennan County. [13]

Figure 3.5
Cost Distribution in Smith County

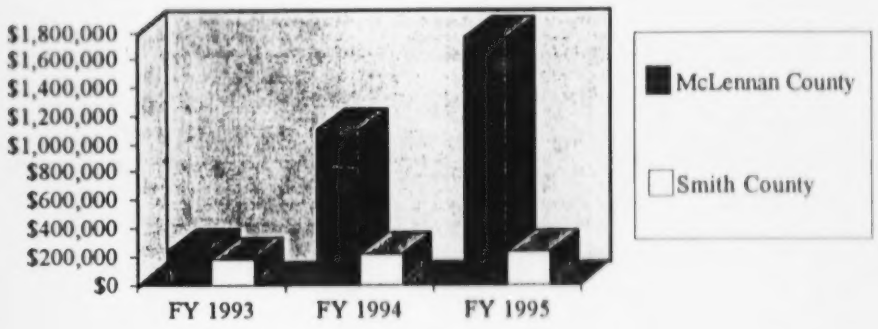


	FY 1993	FY 1994	FY 1995
Administrative	$29,880	$19,386	$17,779
Direct Delivery	$122,120	$176,314	$190,184
Support Services	$24,509	$19,780	$17,494

When direct and leveraged costs are combined as in Figure 3.6, the contrast in total resource commitment between the two counties for E&T participants becomes even greater. Total estimated expenditures at $1.1 million and $1.76 million during the first two years of the demonstration dwarf the costs of providing E&T services in Smith County where costs only totaled $225,437 by the second year of the demonstration.

[13]During this time period unduplicated annual enrollments dropped significantly in Smith County from 711 in FY 1993 to 641 in FY 1994 to 331 in FY 1995; at the same time annual participation in McLennan County increased from 547 to 696, eventually reaching 849 individuals by FY 1995.

Figure 3.6
Pre/Post, Cross Site Direct and Leveraged Total Costs



	FY 1993	FY 1994	FY 1995
McLennan County	$250,695	$1,096,321	$1,757,345
Smith County	$176,510	$215,476	$225,166

Figure 3.7 and Figure 3.8 portray the source of these differentials. Combined leveraged and direct service delivery costs at nearly $1.1 million in McLennan County are about 560 percent higher than the $190,184 spent in Smith County during the second year of the demonstration. For the same year, support services costs at $641,812 in the demonstration site are close to 3,700 percent higher than the $17,494 spent in the comparison site during FFY 1995. BOND costs reflect the levels of child care and transportation assistance provided to participants.

Participant Cost Comparisons

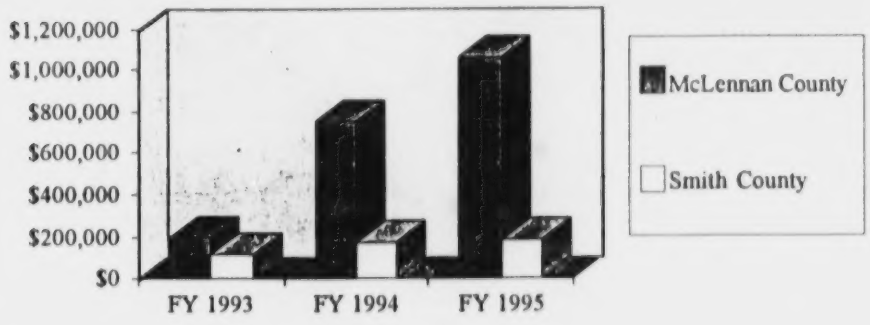
CHR derived costs per participant (all), costs per participant hour (all) and costs per actual participant in an activity component.[14] Per participant cost results are strongly influenced by changes in annual participation rates. The unduplicated annual number of participants was similar at the two sites in FFY 1994 at 696 and 641 for McLennan and Smith Counties, respectively. In FFY 1995, participation increased to 849 in McLennan County and fell to 331 in Smith County.[15] These numbers affect per participant costs as

[14]Costs were derived using more detailed JOBS automated data in McLennan County and aggregated in accord with E&T component categories as a basis for comparison with less-detailed component activity data collected in Smith County. Because detailed participation data was not available for the entire baseline year, FFY 1993 is excluded from this discussion.

[15]Participation fell in Smith County for several reasons. Food Stamp caseloads and numbers of work registrants declined, outreach response rates were low, and structural changes in E&T program led to fewer clients served. Caseloads reportedly dropped because of closer scrutiny at eligibility (reflected in lower error rates) and a favorable local job market.

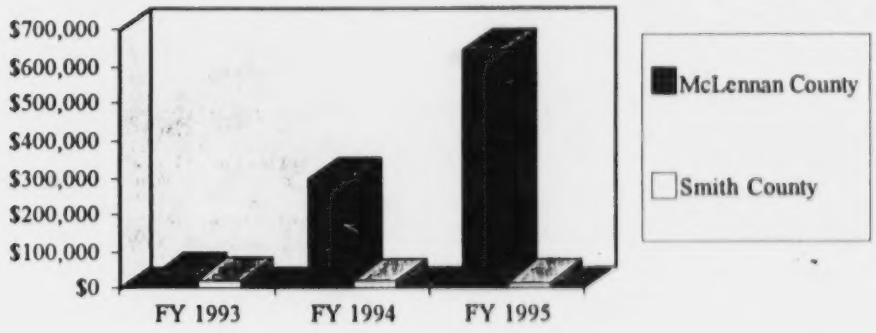
expenses are allocated over higher or lower numbers of individuals. Participant cost tables supporting this discussion are located in Appendix B.

Figure 3.7
Pre/Post, Cross Site Direct Service Delivery Including Leveraged Resources



	FY 1993	FY 1994	FY 1995
McLennan County	$201,310	$748,135	$1,061,098
Smith County	$122,120	$176,314	$190,184

Figure 3.8
Pre/Post, Cross Site Support Services Costs



	FY 1993	FY 1994	FY 1995
McLennan County	$35,064	$295,320	$641,813
Smith County	$24,509	$19,780	$17,494

Cross Site Costs Per Participant (All)

Expenditures per participant were two to three times higher in McLennan County than in Smith County. As Figure 3.9 indicates, support services absorbed a much greater share of per participant cost in McLennan County and direct delivery absorbed a much greater share of expenses in Smith County. On average, E&T costs $1,035 per participant in McLennan compared to $336 in Smith County during FFY 1994. This gap per participant closed slightly during FFY 1995, as costs reached $1,318 per participant in the demonstration site while rising to $680 in the comparison site. Most of the increase in McLennan was due to increased child care costs which rose from $352 to $659 in the second year of the demonstration. During the same time period, child care was not a factor in Smith County. The increased costs in Smith County were due primarily to the increased cost per participant in contracted components associated with declining numbers of total participants. When leveraged expenditures are included, costs per participant rises to $1,575 and $2,070 for FFY 1994 and FFY 1995 in McLennan County.

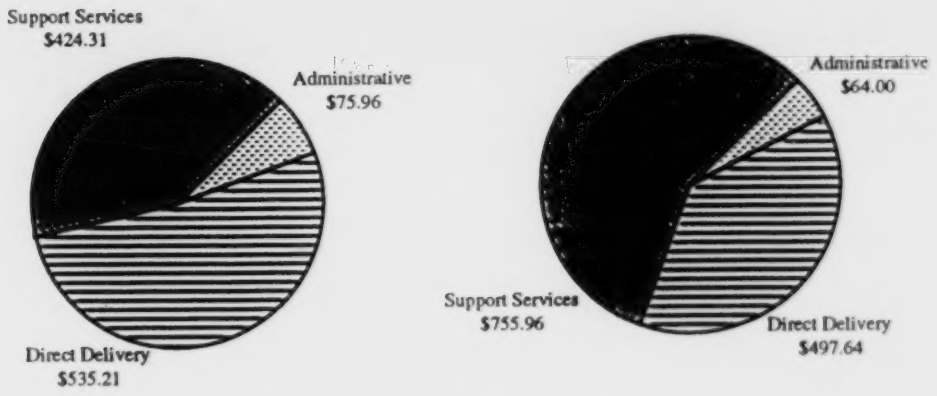
Several cost features which further describe cross-site, per-participant cost differences are imbedded within administrative, direct delivery and support services categories. Administrative costs at $76 and $64 per participant in FFY 1994 and FFY 1995 are higher in McLennan County than Smith County at $30 and $53 for the same years in part because more was spent on rental space in BOND. Administrative costs per participant moved closer together during FFY 1995 as a result of lower total participation in Smith County; a relatively consistent administrative share of total cost—9.0 percent in FFY 1994 and 7.9 percent in FFY 1995—was distributed across fewer participants.

Differences in direct delivery cost are also driven by the cost of providing case management/non-component services to BOND participant (but not to E&T participants in Smith County) and, again, declining enrollments in Smith County. Direct delivery per participant cost $535 and $498 in McLennan County for FFY 1994 and FFY 1995, respectively. Within these sums, case management/non-component services cost $272 and $246 per participant for those years.

When comparing only the costs per participant for the delivery of contracted components for FFY 1994—the year in which total annual participation was most similar—costs, at $239 in McLennan and $275 in Smith, appear closer. However, this is misleading. Contracted components costs include the costs of providing Job Search/GEMS and Job Readiness. The latter, in turn includes the costs for the Job

Figure 3.9
Cross Site Costs Per Participant (ALL)
Excluding Leveraged Expenditures

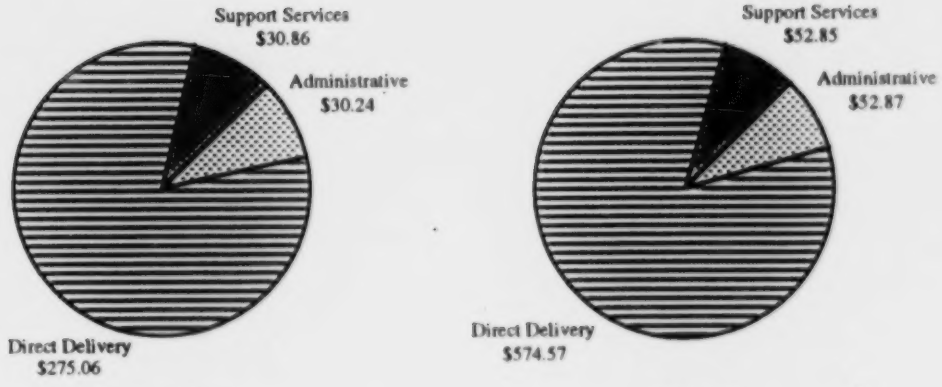
McLennan County



FY 1994
Total: $1,035.48

FY 1995
Total: $1,317.60

Smith County



FY 1994
Total: $336.16

FY 1995
Total: $680.29

Preparation and Life Skills Training seminars. However, Life Skills Training was not offered to E&T participants in Smith County during FFY 1994. It was offered in McLennan County and the costs of providing this activity are included in the McLennan County figure. Eliminating the costs of Life Skills Training from the McLennan County sum, the per participant cost of contracted components falls to $171, compared with $275 in Smith County. Both counties offered Life Skills Training in FFY 1995.

In FFY 1995 the cost per participant of contracted components continued to diverge, rising to $575 in Smith while remaining relatively constant at $232 in McLennan County. Figure 3.9 illustrates the differences in cost per participant (all) in McLennan and Smith counties, excluding leveraged costs, during the demonstration period.[16]

Cross Site Costs Per Participant Hour (All)

Similar conditions prevail when comparing cross site costs per participant hour (all). The BOND program in McLennan County generated participation hours at a much faster rate than the E&T program in Smith county. In McLennan County, a higher number of participants distributed across a wider array of activity components produced more hours which helped keep per participant hour cost relatively lower, despite larger expenditures. Conversely, a smaller number of participants distributed across fewer activity components held per participant hour cost higher, despite smaller expenditures. Figure 3.10 illustrates the differences in cost per participant hour in McLennan and Smith counties, excluding leveraged costs, during the demonstration period.

Cost per participant hour were $3.73 and $4.31 in McLennan County during FFY 1994 and FFY 1995, compared with $2.88 and $5.37 in Smith County during the same period. When leveraged expenditures are included, costs per participant hour rises to $5.68. and $6.76 for these years in McLennan County.

In McLennan County, the cost per hour increase of $0.57 between the first and second year of the demonstration was due to a $0.88 increase in the cost of child care and a $0.06 increase in transportation expenses. These increases are partially offset by a $0.06 drop in administrative cost and a $0.30 decrease in direct delivery cost.

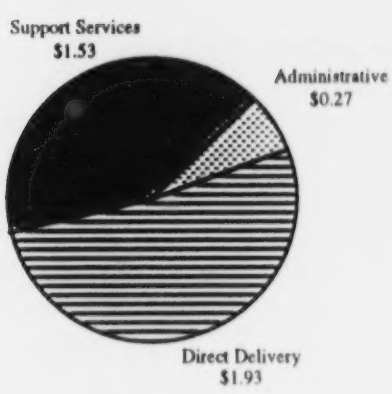
Total cost per hour increased in all categories in Smith County during FFY 1995, again partially as a function of declining enrollments. Administrative costs increased from $0.26 to $0.42. Direct Delivery cost rose from $2.36 to $4.53, an increase of $2.17 per participant. Part of this increase was due to the additional cost of Life Skills Training as a Job Readiness activity in FFY 1995. Transportation costs per participant hour rose

[16]Detailed data tables are found in Appendix B.

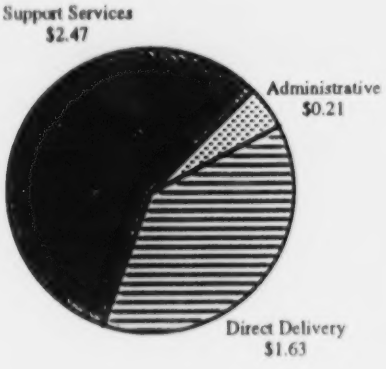
from $0.26 to $0.42. Child care expenses, which were virtually non-existent, had no effect on support services costs.

Figure 3.10
Cross Site Costs Per Participant Hour (ALL)
Excluding Leveraged Expenditures

McLennan County

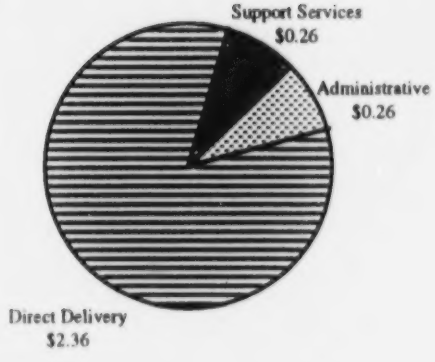


FY 1994
Total: $3.73

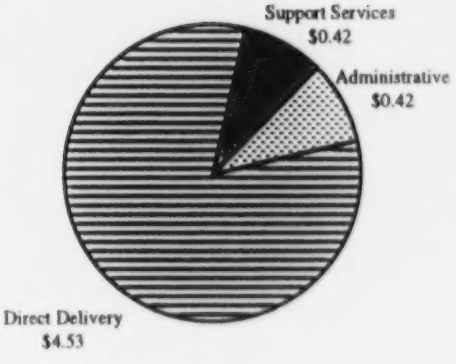


FY 1995
Total: $4.31

Smith County



FY 1994
Total: $2.88



FY 1995
Total: $5.37

Cross Site Costs Per Component Participant

The BOND program in McLennan County had higher cost per component participant than the regular E&T program in Smith County in part because of the wider array of component options selected by BOND participants.[17] BOND participants were dispersed across Job Search (Individual Job Search/GEMS), Job Readiness (Job Preparation/Life Skills Training), Education (adult and postsecondary), and Work Experience. Smith County E&T participants were universally enrolled in Job Search and Job Readiness activities only. As such, cost per actual component participant among these latter contracted components should tend to be lower in Smith County. Also, education component participant costs are available for McLennan, but not Smith.

As figure 3.11 indicates, cost per Job Search participant in McLennan County was $466 and $541 for FFY 1994 and FFY 1995, compared to $185 and $299 for those same years in Smith County. Across this time frame, nearly all participants in Smith County partook of Job Search activities, whereas only 25.4 percent and 21.4 percent of BOND clients participated in Job Search activities during the first and second years of the demonstration, respectively.[18]

Higher enrollments in Job Readiness helped to keep participant costs down in McLennan County, but nevertheless costs remained lower in Smith County. Costs per Job Readiness participants were $259 in McLennan County and $91 in Smith County during FFY 1994, and $319 and $276, respectively, in the following year. Two factors contribute to the wide differential in the first year. Although about 46 percent of all BOND participants participated in Job Preparation or Life Skill Training seminars, 100 percent of E&T clients in Smith county participated in the Job Preparation. Costs were also lower because Smith County was not yet bearing the cost of the Life Skills Training seminar, the other Job Readiness activity.

[17]BOND's volunteer policy attracted many participants—up to 40 percent of all participants—most of whom were enrolled in postsecondary education.

[18]Individual Job Search and GEMS were generally sequenced after clients had finished Life Skills Training and Job Preparation. Client attrition, for any of several reasons—non-compliance, employment entry, change in exemption status, etc.—also contributed to low Job Search enrollments in BOND.

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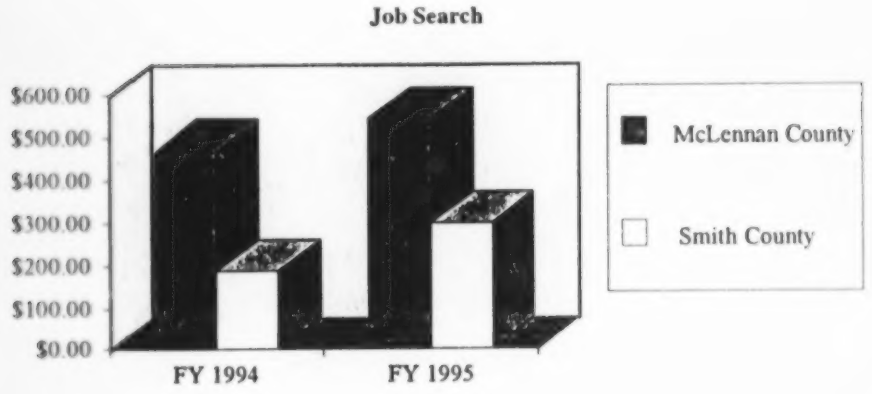
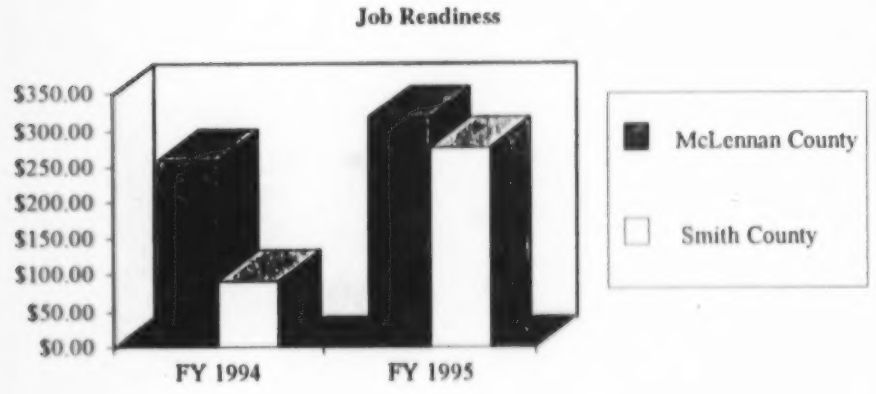
Figure 3.11
Cross Site Costs Per Component





	FY 1994	FY 1995
Job Search		
McLennan County	$466.43	$541.02
Smith County	$184.58	$298.78
Job Readiness		
McLennan County	$259.46	$318.93
Smith County	$90.77	$275.79

When the Smith County program added Life Skills Training as a Job Readiness activity in Smith County for FFY 1995, costs per component participant moved closer together. Costs per Job Readiness participants were $319 in McLennan County and $276 in Smith County. On top of the added cost of providing Life Skill Training as a Job Readiness activity in Smith County, participation fell almost by half from 640 to 331 participants, contributing to the higher costs. The latter number is also much closer to the 308 Job Readiness participants reported in McLennan County during that year. During FY 1995, 36 percent of the E&T participants in BOND attended Job Readiness seminars compared to 100 percent of the E&T participants in Smith County.

CHR also derived costs per component participant in educational activities. During FFY 1994 and FFY 1995, respectively, 53 percent and 62 percent of all BOND participants enrolled in an educational activity. There were no corresponding enrollments in Smith County. The cost per adult education participant in BOND was $335 in FFY 1994 and $400 in FFY 1995. In FFY 1994, the cost per postsecondary participant in BOND was $1,469 of which normal financial aid sources provided an estimated $1,353. In FFY 1995, cost per postsecondary participant was $1,587; normal financial aid sources provided an estimated $1,303 of this sum. HOTCOG/JTPA provided an estimated $115 and $283 per student for these two years, respectively.

IV. SUMMARY / FINAL COMMENTS

Research Questions

The basic research questions for the cost study were:

Was there a significant difference in the cost of the Food Stamp E&T demonstration program compared to both the pre-demonstration program and the comparison site program? What were the sources of any identified cost variations?

Clearly, to operate the BOND demonstration required far greater commitments of resources than the pre-demonstration E&T program in McLennan County, and aggregate costs rose in conspicuously larger leaps than in the E&T program in Smith County, the comparison site. The total direct program costs of providing activities and services to E&T participants in McLennan County grew from $250,695 in FFY 1993, the pre-demonstration year to $1,118,639 in FY 1995, the second year of the demonstration, resulting in a net increase of 346 percent. At the same time. total direct cost in Smith County increased from $176,510 to $225,457, a net increase of 28 percent. When leveraged expenditures are combined with total direct costs, the cost of BOND rose to more than $1.1 million in FFY 1994 and $1.76 million in FFY 1995. No leveraged resources were identified in the comparison site during the evaluation period.

Costs in BOND increased for several reasons: the program served more clients who had access to a wider range of activities; clients were generally enrolled for longer periods, absorbing more support services, especially in postsecondary education; and BOND provided case management services to all participants. Regular referrals and enrollments in adult and postsecondary education components linked BOND participants with other funding streams flowing through MCC Co-op, HOTCOG, and postsecondary financial aid offices. Leveraged resources through these sources yielded $375,631 in FFY 1994 and $638,707 in FFY 1995, representing 51 percent and 57.7 percent of all costs in these two years, respectively.

The costs of support services also rose dramatically in BOND. Support services rose from $35,064 in FFY 1993 to $295,320 and $641,812 during the first two years of the demonstration. Across this span, transportation and other costs increased from $26,992 to $82,116, a net increase of 204 percent, while child care costs rose from $8,072 to $559,196, a net increase of 6,828 percent in three years. Much of these increased expenditures were caused by the longer enrollments in education components, especially among postsecondary students who absorbed a majority of child care. Case managers estimated that up to 50 percent of their postsecondary caseloads required child care,

compared to two to four percent among participants in the contracted Job Search and Job Readiness components.

The cost associated with providing ease management services to E&T clients in McLennan County, but not in Smith County, is another source of cost differences between the two sites. For the demonstration, DHS formed an additional Employment Services unit which cost $189,043 in FFY 1994 and $208,438 in FFY 1994. Case managers located on-site at TSTC, MCC, and HOTCOG facilitated the education and training of individuals served through those locations.

During FFY 1994 and FFY 1995, program costs grew in Smith County also, but nowhere near the magnitude of growth in McLennan County. Cost increases in Smith County are due to the increased cost of providing contracted services which grew from $122,120 in FFY 1993 to $176.314 in FFY 1994 and $190,184 in FFY 1995. These costs reflect changes in the statewide E&T program in which Job Readiness and Job Search components provided to E&T participants were expanded and intensified. In FFY 1995 E&T clients could be required to attend a two-week, 40 hour Life Skills Training seminar, a two-week 40 hour Job Preparation seminar, and up to six or eight weeks of Job Search combined with GEMS, a weekly group employment seminar. Prior to FFY 1994, client participation requirements had been much less stringent and were limited to a self-directed Job Search , occasionally supplemented by required attendance in a one-week, 20-hour Job Search Skills Training seminar. The total costs of providing contracted Job Readiness and Job Search components were comparable in McLennan County; expenditures totaled $166,104 in FFY 1994 and $196,696 in FFY 1995.

Despite these mostly larger categorical and vastly larger overall direct expenditures for the BOND program in McLennan County compared to the expenditures in the regular E&T program in Smith County, costs per participant hour in the demonstration actually became favorable during the evaluation period. At $3.73 per participant hour in FY 1994, BOND was slightly more expensive than E&T in Smith at $2.88 per participant hour. By FY 1995, cost per participant hour had risen to $4.31 in the demonstration site, but was surpassed by cost which nearly doubled to $5.37 in the comparison site. During this period, BOND provided several activities and support services that were not features of the E&T program in Smith County—particularly access to education, child care and case management—and did so at a lower per participant hour cost.

Statewideness

The evaluation of the Texas Food Stamp E&T/ JOBS conformance demonstration was also asked to probe the feasibility of expanding the demonstration model throughout

the 56 E&T counties in Texas. Clearly from a cost perspective, the expense of providing child care and support services is the strongest barrier to statewide adoption of the BOND model, and the possibility of attracting considerable amounts of leveraged resources is its most desirable feature.

Table 4.1
FFY 1993 — FFY 1995 Selected Cost Changes

STATEWIDE (Including Demo)

Change	FFY 1993	FFY 1995	Percent
Total Program Cost	$14,870,690	$15,041,735	1.2%
Child Care	$65,421	$715,305	993.4%
Transportation/Other	$1,636,029	$1,303,586	-20.2%

STATEWIDE (Excluding Demo)

Change	FFY 1993	FFY 1995	Percent
Total Program Cost	$14,870,690	$13,923,096	-6.4%
Child Care	$65,421	$156,109	138.6%
Transportation/Other	$1,636,029	$1,221,470	-25.3%

MCLENNAN COUNTY

Change	FFY 1993	FFY 1995	Percent
Total Program Cost	$250,695	$1,118,639	346.2%
Child Care	$8,072	$559,196	6827.6%
Transportation/Other	$26,992	$82,116	204.2%

STATEWIDE PROJECTED DIRECT COSTS
(assuming McLennan at 1.8-2.0 percent of state E&T)

FFY 1994:	$36.0-40.0 million
FFY 1995:	$55.9-62.1 million

STATEWIDE PROJECTED DIRECT AND LEVERAGED COSTS
(assuming McLennan at 1.8-2.0 percent of state E&T)

FFY 1994:	$54.8-60.9 million
FFY 1995:	$87.9-97.6 million

Table 4.1 indicates the sizable effects of the demonstration model, which operated in a single county, on statewide expenditures. Total statewide E&T program costs rose 1.2 percent from FFY 1993 through FFY 1995. Excluding the demonstration costs, statewide E&T program costs actually dropped 6.4 percent. Statewide child care costs rose almost 1,000 percent during the same period, but only 139 percent when the demonstration costs are excluded. In FFY 1995 alone, $559,196 of the total $715,305 spent for E&T child care in Texas was spent in McLennan County. Transportation costs

are similarly revealing. Excluding the demonstration, transportation costs dropped 25.3 percent statewide between FFY 1993 and FFY 1995, yet increased 204.2 percent in the BOND program.

The McLennan County share of total state E&T work registrants ranged between 1.8 and 2.0 percent during the baseline and first year of the demonstration. Assuming similar rates of participation, types of enrollments and demands for support services in every E&T county in Texas, the projected direct costs of expanding the BOND model statewide is $36 to $40 million based on FFY 1994 costs and $56 to $62 million based on FFY 1995 cost. When leveraged expenses are added to direct costs, the projected cost of expanding the BOND model statewide is $55 to $61 million based on FFY 1994 costs and $88 to $98 million based on FFY 1995 costs.

The process evaluation and participant interviews conducted as part of the BOND evaluation revealed many favorable features of the BOND model and program operations that could be replicated in other areas of the state. A few of these features are:

- **Service Delivery Continuum**. BOND has shown that two major programs serving low and no-income, working and non-working populations can be merged to provide a continuum of activities and support services designed to increased the employment prospects of individuals who may have little education and few job skills.

- **Collaboration/Leveraged Resources**. BOND helped strengthen local collaboration with additional resources made available to the demonstration. By providing necessary support services, BOND was able to leverage non-reimbursable education and training opportunities at MCC and TSTC provided by HOTCOG, the local JTPA program. BOND also enabled students to enroll in GED and other classes offered by the Adult Education Programs at MCC. EOAC started a fundraising initiative among private and public source to increase income-eligible child care in McLennan County.

- **Co-location**. BOND provided on-site case management at several service delivery locations which enabled DHS staff to work closely with TEC staff at the Wooded Acres site, CIS staff at local high schools, staff of the Women's Resource Center and Texas Rehabilitation Commission at TSTC, financial aid staff at both TSTC and MCC, and JTPA staff at HOTCOG.

- **Pre-employment Screening**. Participation in Job Readiness and Job Search activities at Wooded Acres served as a pre-employment screening mechanism for private sector jobs. Providing seminars in a modern office complex created a professional environment for participants and encouraged private sector participation. Private sector employers were better served by TEC referrals of clients who had successfully met participation requirements, had reviewed personal communication and work place behavioral expectations, and were willing to work.

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- **Postsecondary Education/ High Skill Training**. About half of total BOND participation was attributed to postsecondary activity, which is usually associated with higher wages and income security for participants. Staff at TSTC and MCC expected wages of postsecondary students to range from $8 to $25 per hour.

Many of these benefits from the BOND model can be replicated with minor net cost effects. On the other hand, higher per participant costs associated with extended activities and support services, the shortage of job skills training for non-college participants, and the availability of post-program child care for low-income workers were among the challenges that were identified to statewide adoption of the BOND model.

Final Comments

BOND expanded opportunities for Food Stamp clients to participated in an array of pre-employment and education activities—particularly adult and postsecondary education—and provided case management and support services that facilitated completion of these components. These activities and services required significantly larger program expenditures than the regular Texas E&T program, particularly for child care, but they also provide the basis for potentially better outcomes through tangible increases in human and social capital.

Nevertheless, major issues remain unresolved. The cost study reinforces concern with the enormous cost of providing child care and other support services for participants in long-term education and training. To what degree can and will employment and training programs support higher initial costs to achieve potentially better outcomes?

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Appendix A

COST DATA SOURCES AND METHODOLOGIES

APPENDIX A
COST DATA SOURCES AND METHODOLOGIES

Data sources for this cost evaluation included Texas Department of Human Services (DHS), the former Texas Employment Commission (TEC) now the Texas Workforce Commission (TWC), Texas Association of Private Industry Councils (TAPIC), Heart of Texas Council of Government (HOTCOG), Texas State Technical College (TSTC), McLennan County Community College (MCC), Equal Opportunity Advancement Corporation (EOAC), and the Center for the Study of Human Resources (CHR). CHR researchers collected and organized the data from these sources and derived other relevant cost figures when appropriate. The following cost data were collected from the above sources.

E&T cost data collected from DHS:

- DHS statewide administrative costs (excluding indirect costs) for Federal Fiscal Years (FFY) 1993-1995; a share of that state total was attributed to McLennan and Smith counties proportional to their share of state E&T work registrants
- DHS Waco demonstration unit direct delivery cost for FFYs 1994 and 1995
- Survival Skills Training facilitator salary for FFYs 1994 and 1995 (in McLennan County only)
- Child care services costs for the state and McLennan and Smith counties for FFYs 1993-1995
- GED Testing services costs for the state and McLennan County for FFYs 1994 and 1995
- Transportation expenditures for McLennan county for FFYs 1994 and 1995.

E&T cost data collected from TEC:

- TEC contract administrative cost for the state and McLennan and Smith counties for FFYs 1993-1995, using TEC contract object codes 25, 30, 35, 40, 45, 50, 55, 60, 65, and 68
- TEC contract direct delivery costs for the state and McLennan and Smith counties for FFYs 1993-1995, using TEC contract object codes 10 and 20
- TEC contract transportation expenditures for the state and Smith county for FFYs 1993-1995 and for McLennan county for FFY 1993, using TEC contract

object code 79 (the 1993 figure includes some transportation funds from HOTCOG)

E&T cost data collected from TAPIC:

- TAPIC contract direct delivery statewide and in McLennan county for FFY 1993 (TAPIC operated under a statewide contract in 1993 only); TAPIC direct delivery costs for FFYs 1994 and 1995 were included in the TEC contract
- TAPIC facilitator salary for McLennan county for FFYs 1994 and 1995
- TAPIC transportation costs statewide and in McLennan and Smith counties for FFY 1993

Data collected from other sources:

- Adult education cost data for FFYs 1994 and 1995 was collected from the Adult Education Programs at McLennan Community College.
- Postsecondary education cost data for FFYs 1994 and 1995 was collected from the DHS case managers and financial aid staff at McLennan County Community College (MCC) and the Texas State Technical College (TSTC).
- Participant data was manually collected in Smith County by CHR staff in conjunction with TEC staff for the seven month baseline period in FFY 1993 and for the entire year in FFYs 1994 and 1995. Participant data was also manually collected in McLennan county during the baseline period, but the collection was automated in FFYs 1994 and 1995.

Methodology for Estimated Cost Figures

Most of the aggregated cost data for this study was collected from the various sources mentioned above. However, a significant amount of data relevant to the cost evaluation was either not available or had to be calculated or estimated from existing data. All per- participant cost data was calculated from aggregate cost data and manually collected participant data, since detailed disaggregated participant cost data was not available. In addition, some aggregated cost figures were estimated based on existing cost and participant data using the formulas discussed below.

DHS administrative costs for McLennan and Smith counties for FFYs 1993-1995. A percentage of the statewide DHS administrative cost (*AC*) for the E&T program was applied to each county proportional to each county's percentage of the states total number of E&T work registrants (*WR*). The formula is as follows:

$$(WR_i / WR_s) \bullet (AC) = DHS\ AC_i$$

where, WR_i = # of work registrants in county *i*

WR_s = # of work registrants in state

AC = DHS state administrative cost

$DHS\ AC_i$ = DHS administrative cost attributable to county *i*

This method requires one assumption:

1. DHS administrative cost per E&T work registrant is constant across counties.

TEC contracted component cost breakdown for McLennan and Smith counties for FFYs 1994 and 1995. In each county, a percentage of that county's total contracted component costs (*TC*) was applied to each component *i*, proportional to that component's share of total participant hours (*PH*) in all contracted components. The *TC* figure includes one-half of the cost of a facilitator paid by TAPIC in McLennan county, since that facilitator also delivered contracted components. Another adjustment to the TC figure was made because the McLennan county participant hours data, from which the TC figure is derived, combined participant hours for survivals skills training (SST), a *non-contracted* component paid for by DHS, with life skills hours, a *contracted* component paid for through the TEC contract. To correct for this one-half of the DHS cost of the SST facilitator was included in the *TC* figure for the derivation of the component costs figures. The one-half ratio for the salaries of the TAPIC and SST facilitators was chosen based on the assumption that they served equal numbers of E&T and JOBS clients. The SST facilitator cost was then subtracted out of the derived life skills component cost. The formula is as follows:

$$(PH_i / PH) \bullet (TC) = CC_i$$

where, PH_i = total participant hours in component i

PH = total participant hours in contracted components + SST participant hours

TC = total contracted component costs + 1/2(TAPIC and SST facilitator costs)

CC_i = cost of component i

Note: when i = life skills, the cost of the SST facilitator was subtracted from the CC_i figure to get the cost of the life skills component

This method requires two assumptions:

1. There is a constant average cost per-participant hour across components.
2. On average across all facilitators, including the TAPIC and SST facilitators, the ratio of E&T to JOBS clients served was 1/1.

Post secondary education expenditures for McLennan county for FFYs 1994 and 1995. There were two postsecondary institutions serving the Waco demonstration project in FFYs 1994 and 1995: TSTC and MCC. The average full-time semester cost (ASC) of tuition, books, and fees for the two schools was estimated and multiplied times the estimated paid enrollment (E) in each semester i, to get the total expenditures for each semester during the 1994 and 1995 school years. For each year, the cost of each of the three semester periods were added (counting the summer terms as one semester) to get the total yearly expenditures (TE) on postsecondary education for 1994 and 1995. The formula is as follows:

$$\Sigma_i(ASC \bullet E_i) = TE$$

where, ASC = estimated average full-time semester cost of TSTC and MCC

E_i = estimated paid enrollment in semester i

TE = total yearly expenditures on postsecondary education

i = 1,2,3 = fall, spring and summer semesters

An important aspect of this method concerned the estimate ASC and E. The average semester cost (ASC) was estimated by first determining the yearly cost (excluding summers) for a full-time student at both TSTC and MCC. Assuming equal

numbers of participants were enrolled at TSTC and MCC, the two yearly cost figures could then be averaged to get the average cost between the two schools of a year of full-time post- secondary enrollment (excluding summers). One-half of that yearly average cost between the two schools was used as an estimate of average half year cost or average semester cost of full-time enrollment, which is the *ASC* figure. Since MCC is on the semester system and TSTC is on the quarter system, the winter quarter cost at TSTC was divided in half and applied equally to TSTC's fall and spring quarter costs to approximate a semester system in terms of cost. This allowed the calculation of the average semester cost for each school. That average semester cost figure was also used for summer enrollment cost. Enrollment (*E*) was then estimated in each semester period using CHR's manually collected monthly participation data. We took the highest monthly postsecondary participation number for any one semester period as that semester's paid enrollment *E*. We then applied the formula above using these estimates. This method requires 4 assumptions.

1. All E&T clients credited with participation in the postsecondary education component were actually enrolled full-time (this was a requirement of the program, with only very rare possible exceptions).

2. One-half of the postsecondary component participants were enrolled at TSTC and one-half were enrolled at MCC.

3. No participants, counted as enrolled in the above formula subsequently dropped out of school in time to receive a tuition refund.

4. The two summer terms combined are equivalent in cost to the fall or spring terms.

Appendix B

DATA SETS

APPENDIX B
COST DATA SETS

Table I

Total Statewide E&T Expenditures	FFY 93	FFY 94	FFY 95
I. Administrative Costs			
A. DHS State Office Administrative Cost*	$207,580	$148,465	$163,365
B. TEC Contract Administrative cost	$2,482,069	$2,017,223	$1,721,970
Subtotal for Administrative Costs	$2,689,649	$2,165,688	$1,885,335
II. E&T Service Costs - Direct Delivery			
A. DHS Waco Unit Direct Delivery**	$0	$206,401	$225,796
B. TEC Contract Direct Delivery	$9,866,533	$10,701,522	$10,909,713
C. TAPIC Contract Direct Delivery	$613,058	$0	$0
Subtotal for Direct Delivery Costs	$10,479,591	$10,907,923	$11,135,509
III. E&T Support Services Costs			
A. Child Care	$65,421	$312,028	$715,305
B. Transportation and Work Expenses	$1,636,029	$1,489,999	$1,303,586
C. GED Testing	$0	$1,390	$2,000
Subtotal for Support Services Costs	$1,701,450	$1,803,417	$2,020,891
Total Statewide E&T Expenditures	**$14,870,690**	**$14,877,028**	**$15,041,735**

*Expenses exclude $229,623 in 1994 and $350,000 in 1995 for program evaluation costs

**Expenses exclude $76,943 in startup costs for the Waco demonstration site in 1993

Table II

Total E&T Expenditures - Smith County	FFY 93	FFY 94	FFY 95
I. Administrative Costs			
A. DHS Administrative Cost in Smith	$1,400	$696	$684
B. TEC Contract Administrative Cost	$28,480	$18,690	$16,815
Subtotal for Administrative Costs	$29,880	$19,386	$17,499
II. E&T Service Costs - Direct Delivery			
A. TEC Contract - Direct Delivery	$122,120	$176,314	$190,184
1. directed job search	na	$118,131	$98,896
2. job readiness	na	$58,184	$91,288
Subtotal for Direct Delivery Costs	$122,120	$176,314	$190,184
III. E&T Support Services Costs			
A. Child Care	$0	$10	$28
B. Transportation	$24,509	$19,766	$17,455
Subtotal for Support Services Costs	$24,509	$19,776	$17,483
Total E&T Expenditures - Smith County	**$176,510**	**$215,476**	**$225,166**

Table III

Total E&T Expenditures - McLennan County	FFY 93	FFY 94	FFY 95
I. Administrative Costs			
A. DHS Administrative Cost in McLennan	$3,674	$2,687	$2,941
B. TEC Contract Administrative Cost*	$10,647	$50,178	$51,394
Subtotal for Administrative Costs	$14,321	$52,865	$54,335
II. E&T Service Costs - Direct Delivery			
A. DHS - Waco Unit**			
1. Non-component costs	$0	$189,043	$208,438
2. Survival Skills Training	$0	$17,358	$17,358
Subtotal for DHS Waco Unit	$0	$206,401	$225,796
B. TEC Contract - Direct Delivery			
1. component cost breakdown - E&T categories***			
a. directed job search	na	$82,558	$98,465
b. job readiness	na	$83,546	$98,231
Subtotal for TEC Contract - Direct Delivery	$128,444	$166,104	$196,696
C. TAPIC Contract - Direct Delivery	$72,866	$0	$0
D. Leveraged Components			
1. adult education	na	$18,781	$45,247
2. post secondary education	na	$356,850	$593,460
a. JTPA		$28,000	$106,000
b. Pell Grants, Loans, Personal Earnings, etc		$328,850	$487,460
3. job training	na	na	na
Subtotal for Leveraged Costs	na	$375,631	$638,707
Subtotal for Direct Delivery Costs	$201,310	$748,135	$1,061,198
III. E&T Support Services Costs			
A. Child Care	$8,072	$244,675	$559,196
B. Transportation	$26,992	$50,202	$82,116
C. GED test/certification fees	$0	$362	$500
D. Work-related expenses	$0	$81	$0
Subtotal for Support Service Costs	$35,064	$295,320	$641,812
Total E&T Expenditures - McLennan County	**$250,695**	**$1,096,321**	**$1,757,345**

*Expenses exclude $15,560 in startup administrative costs for the Waco demonstration in 1993
**Expenses exclude $76,943 in startup costs for the Waco demonstration site in 1993

***Component cost breakdown - JOBS categories	FFY 93	FFY 94	FFY 95
a. job prep (job readiness)	na	$36,692	$47,092
b. life skills	na	$46,854	$51,140
c. individual and group job search	na	$82,558	$98,465

Table IV

Participant Data	Total Participation Hours	
I. McLennan County	FFY 94	FFY 95
A. Contracted Components - E&T Codes*		
1. directed job search	12528	14726
2. job readiness	15422	15360
Total contracted component participation hours	27950	30086
B. Non contracted component hours		
1. adult education	6613	17010
2. postsecondary education	107721	182520
II. Smith County		
A. Contracted components - E&T Codes		
1. directed job search	49960	21722
2. job readiness	24883	20210
Total contracted component participation hours	74843	41932
*Jobs Codes		
1. survival skills/life skills training	9710	9330
2. job prep	5760	6161
3. individual and group job search	12528	13322
Total contracted component participation hours	27998	28813

Table V

Participant Data	Total Unduplicted Participant Count	
I. McLennan County	FFY 94	FFY 95
A. Total participants in all components - E&T codes*	696	849
1. directed job search	177	182
2. job readiness	322	308
II. Smith County		
A. Total participants in all components - E&T codes	641	331
1. directed job search	640	331
2. job readiness	641	331
*Total participants in all components - JOBS codes**	696	849
1. survival/life skills training	312	264
2. job prep	185	172
3. individual and Group Job Search	177	182
4. adult education	56	113
5. postsecondary education	243	374
** Case assessment and management with comp hours	696	849
Case assessment and management (all)	1148	1084

Table VI

McLennan County E&T Expenditures Per Participant (all participants)	Per Participant FFY 94	 FFY 95
I. Administrative Costs		
A. DHS Administrative Cost in McLennan	$3.86	$3.46
B. TEC Contract Administrative Cost	$72.09	$60.53
Subtotal for Administrative Cost Per Participant	$75.96	$64.00
II. E&T Service Costs - Direct Delivery		
A. DHS - Waco Unit		
1. Non-component costs	$271.61	$245.51
2. Component costs - Survival Skills Training	$24.94	$20.45
Subtotal for DHS Waco Unit	$296.55	$265.96
B. TEC Contract - Direct Delivery		
1. Component cost breakdown by E&T categories*		
a. directed job search	$118.62	$115.98
b. job readiness	$120.04	$115.70
Subtotal for TEC Contract - Direct Delivery	$238.66	$231.68
C. Leveraged Costs		
1. adult education	$26.98	$53.29
2. post secondary education	$512.72	$699.01
Subtotal for Leveraged Costs	$539.70	$752.31
Subtotal for Direct Delivery Costs Per Participant	$1,074.91	$1,249.94
III. E&T Support Services Costs		
A. Child Care	$351.54	$658.65
B. Transportation	$72.13	$96.72
C. GED test/certification fees	$0.52	$0.59
D. Work-related expenses	$0.12	$0.00
Subtotal for Support Services Costs Per Participant	$424.31	$755.96
E&T Expenditures Per Participant	**$1,575.17**	**$2,069.90**

*Component cost breakdown by JOBS categories	FFY 94	FFY 95
1. job prep (job readiness)	$53.11	$55.47
2. life skills	$67.32	$60.24
3. individual and group job search	$118.62	$115.98

Table VII

Smith County E&T Expenditures Per Participant (all participants)	Per Participant FFY 94	 FFY 95
I. Administrative Costs		
A. DHS Administrative Costs in Smith	$1.09	$2.07
B. TEC Contract Administrative Cost	$29.16	$50.80
Subtotal for Administrative Cost Per Participant	$30.24	$52.87
II. E&T Service Costs		
A. TEC Contract - Direct Delivery	$275.06	$574.57
1. directed job search	$184.29	$298.78
2. job readiness	$90.77	$275.79
Subtotal for Direct Delivery Costs Per Participant	$275.06	$574.57
III. E&T Support Services Costs		
A. Child Care	$0.02	$0.12
B. Transportation	$30.84	$52.73
Subtotal for Support Services Costs Per Participant	$30.86	$52.85
E&T Expenditures Per Participant	**$336.16**	**$680.29**

Table VIII

McLennan County E&T Expenditures Per Component Participant	Per Component Participant FFY 94	 FFY 95
A. JOBS Categories (includes TAPIC facilitator $)		
1. job prep (job readiness)	$198.34	$273.79
2. life/survival skills	$150.17	$193.71
3. individual and group job search	$466.43	$541.02
B. E&T Categories (includes TAPIC facilitator $)		
1. directed job search	$466.43	$541.02
2. job readiness	$259.46	$318.93
C. Non contracted components		
1. adult education	$335.38	$400.42
2. post secondary education	$1,468.52	$1,586.79
a. JTPA	$115.23	$283.42
b. Pell Grants, Loans, Personal Earnings, etc.	$1,353.29	$1,303.37

Table IX

Smith County E&T Expenditures Per Component Participant	Per Component Participant FFY 94	 FFY 95
A. directed job search	$184.58	$298.78
B. job readiness	$90.77	$275.79